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PERPETUAL LIMITED

ABN 86 000 431 827

AND ITS CONTROLLED ENTITIES

HALF-YEAR FINANCIAL STATEMENTS

31 DECEMBER 2011

PERPETUAL LIMITED AND ITS CONTROLLED ENTITIES
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PERPETUAL LIMITED
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DIRECTORS' REPORT

The directors present their report together with the condensed consolidated financial statements of Perpetual Limited, ("Perpetual" or the "Company") and its controlled entities (the "consolidated entity"), for the half-year ended 31 December 2011 and the independent auditor's review report thereon.

Directors

The directors of the Company at any time during or since the end of the half-year are:

Peter B Scott, Chairman and Independent Director
BE (Hons), M.Eng.Sc (Age 57)

Appointed as a Director in July 2005 and Chairman on 26 October 2010. He was formerly the Chief Executive Officer of MLC, an Executive General Manager of National Australia Bank and held a number of senior positions with Lend Lease. He is Chairman of Sinclair Knight Merz Pty Limited and a director of Stockland Corporation Limited. Mr Scott is an advisory board member of Pilotlight Australia. He is Chairman of Perpetual's Nominations Committee.

Mr Scott has more than 20 years of senior business experience in publicly listed companies and extensive knowledge of the wealth management industry.

Listed company directorships held during the past three financial years:

- Stockland Corporation Limited from August 2005 to the present

Paul V Brasher, Independent Director
BEC (Hons), FCA (Age 61)

Appointed Director in November 2009. Mr Brasher was formerly Chairman of the Global Board of PricewaterhouseCoopers International. He previously chaired the Board of PricewaterhouseCoopers' Australian firm and held a number of other senior management and client services roles during his career with the firm. Mr Brasher was Client Service Partner and /or Lead Engagement Partner for some of the firm's most significant clients. He also spent significant periods working with PricewaterhouseCoopers in the US and UK. Mr Brasher is currently a director of Incitec Pivot Limited and a Board member of the Victorian Arts Centre Trust and the Essendon Football Club. He is a member of Perpetual's Audit Risk and Compliance Committee and People and Remuneration Committee.

Mr Brasher brings to the Board his local and global experience as a senior executive and director, particularly in the areas of strategy, audit and risk management and public company governance.

Listed company directorships held during the past three financial years:

- Incitec Pivot Limited from September 2010 to the present

Philip Bullock, Independent Director
BA, MBA, GAICD, Dip. Ed. (Age 58)

Appointed Director in June 2010. Mr Bullock was formerly Vice President, Systems and Technology Group, IBM Asia Pacific, Shanghai, China. Prior to that he was CEO and Managing Director of IBM Australia and New Zealand. His career with IBM spanned almost 30 years in the Asia Pacific region. Mr Bullock is a director of CSG Limited. He also provides advice to the Federal Government, through his role as Chair of Skills Australia, as a member of the Education Investment Fund, the Australia India Education Council and a member of the now concluded, National Resources Sector Employment Taskforce. He is a member of Perpetual's Investment Committee and People and Remuneration Committee.

Mr Bullock brings to the Board broad management experience in Australia and Asia in technology, sales and client management, product and brand management, industry solutions and equity joint ventures.

Listed company directorships held during the past three financial years:

- Healthscope Limited from September 2007 to October 2010
- CSG Limited from August 2009 to the present

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DIRECTORS' REPORT (continued)

Directors (continued)

E Paul McClintock AO, Independent Director
BA, LLB (Age 62)

Appointed as a Director in April 2004. He is Chairman of Thales Australia, Medibank Private Limited, I-MED Australia Pty Ltd and the COAG Reform Council and has served as Secretary to Cabinet and Head of the Cabinet Policy Unit in the Australian Government. He is Chairman of Perpetual's Investment Committee and a member of the Nominations Committee and People and Remuneration Committee.

Mr McClintock brings to the Board over 30 years experience as a legal adviser, investment banker and senior policy adviser to Government and corporations.

Listed company directorships held during the past three financial years:

- Intoll Management Limited (formerly Macquarie Infrastructure Investment Management Limited) from May 2003 to December 2010

Elizabeth M Proust AO, Independent Director
BA (Hons), LLB, FAICD (Age 61)

Appointed as a Director in January 2006. She was formerly Managing Director of Esanda, part of the ANZ Group. Prior to joining ANZ she was Secretary (CEO) of the Victorian Department of Premier and Cabinet and Chief Executive Officer of the City of Melbourne. She is currently Chairman of Nestlé Australia Ltd and Bank of Melbourne Board, a director of Spotless Group Limited, Insurance Manufacturers of Australia Pty Ltd and Sinclair Knight Merz Pty Ltd. She is Chairman of Perpetual's People and Remuneration Committee and a member of Perpetual's Audit Risk and Compliance Committee and Nominations Committee.

In addition to her skills from her leadership roles in significant change management programs, Ms Proust brings to the Board her strengths in human resources, public affairs and strategy development, and her strong knowledge of board processes and governance through her many senior executive and board roles.

Listed company directorships held during the past three financial years:

- Spotless Group Limited from June 2008 to the present

Philip J Twyman, Independent Director
BSc, MBA, FAICD (Age 67)

Appointed as a Director in November 2004. He was formerly Group Executive Director of the London-based Aviva plc, one of the world's largest insurance groups with extensive fund management and wealth management businesses. Mr Twyman was also formerly Chairman of Morley Fund Management, a director of the Quilter Group, a UK private client stockbroker, and a senior executive of AMP in Australia. He has also been Chief Financial Officer of General Accident plc, Aviva plc and the AMP Group. Since returning to Australia, Mr Twyman has joined the Board of IAG Limited, Medibank Private Limited and the local Boards of the Swiss Re Group. He is also Chairman of Overseas Council Australia. He is Chairman of Perpetual's Audit Risk and Compliance Committee and a member of the Investment Committee and Nominations Committee.

As an experienced international executive and director, Mr Twyman brings to the Perpetual Board his background in financial services, investment and wealth management together with considerable practical experience in relation to the audit and risk management issues faced by public companies in Australia and overseas.

Listed company directorships held during the past three financial years:

- IAG Limited from July 2008 to the present

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DIRECTORS' REPORT (continued)

Directors (continued)

Geoff Lloyd, Managing Director and CEO

LLM (Distinction) (UTS), Adv. Mgt. Program (Harvard) (Age 43)

Appointed Managing Director and Chief Executive Officer in February 2012. Mr Lloyd joined Perpetual in August 2010 as Group Executive of Private Wealth and has led the development and implementation of the growth strategy for Private Wealth. He took on the additional responsibility of Head of Retail Distribution in September 2011. Mr Lloyd was previously General Manager, Advice and Private Banking at BT Financial Group (BTFG) following the merger with St George's Wealth Management business. Prior to the merger, he led St George's entire wealth management portfolio and was a member of the St George Bank Group Executive reporting to the CEO. He has held many senior positions at BTFG, including Chief Legal Counsel and Head of the Customer and Business Services Division.

Mr Lloyd has over 20 year's experience in the financial services industry and has an extensive understanding of the industry and demonstrated leadership skills.

Directors who ceased office during the period

Meredith J Brooks, Independent Director

BA, FIAA (Age 50)

Appointed as a Director in November 2004. On 20 September 2011, Ms Brooks advised that she would not seek re-election as a director at the 2011 Annual General Meeting and her last day as a Director of the Perpetual Limited board was on 28 October 2011.

Chris Ryan, Managing Director

B. Bus. (Age 52)

Commenced employment with Perpetual Limited on 14 February 2011 as Chief Executive Officer and appointed as Managing Director on 23 February 2011. Mr Ryan stepped down as Chief Executive Officer and resigned as Managing Director on 5 February 2012.

Alternate directors

Roger L Burrows, Alternate Director

BCom, CPA, MAICD (Age 48)

Appointed as Alternate director for Peter Scott on 27 October 2010. He joined Perpetual as Chief Financial Officer in March 2008. Mr Burrows has over 25 years of experience as a senior finance executive in a diverse range of industries, including property, financial services, IT services, professional services and manufacturing. Prior to working at Perpetual, Mr Burrows was with Lend Lease for 20 years, including 3 years as Group Chief Financial Officer.

Ivan D Holyman, Alternate Director

BEc, LLB (Age 56)

Alternate Director for Chris Ryan from 8 April 2011 until his resignation on 5 February 2012 and appointed Alternate Director for Geoff Lloyd on 9 February 2012. He joined Perpetual in June 2004 as Chief Risk Officer. Prior to joining Perpetual he held the position of Chief Operating Officer Asia Pacific for UBS Warburg and spent 19 years with UBS AG (and its predecessor organisations) in various positions. Prior to UBS AG he spent 2 years with Samuel Montagu & Co Limited (a UK merchant bank) and 4 years with Blake Dawson Waldron, solicitors.

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DIRECTORS' REPORT (continued)

Company secretaries

Joanne Hawkins

BCom, LLB, Grad Dip CSP FCIS

Appointed Company Secretary in June 2003. Prior to this, Ms Hawkins was Assistant Company Secretary of Macquarie Bank and Ord Minnett and was Company Secretary, National Bank of the Solomon Islands. Ms Hawkins has also worked as a solicitor and legal adviser in New Zealand. Ms Hawkins is also head of Perpetual's legal team.

Glenda Charles

Grad. Dip. Corp. Gov. ASX Listed Entities, CSA (Cert)

Joined Perpetual in August 1994. She was appointed Assistant Company Secretary of Perpetual in 1999 and Deputy Company Secretary in 2009. Ms Charles has over 15 years experience in company secretarial practice and administration and has worked in the financial services industry for over 25 years.

Directors' meetings

The number of directors' meetings which directors were eligible to attend (including meetings of board committees) and the number of meetings attended by each director during the half-year to 31 December 2011 were:

Director	Board		Audit Risk and Compliance Committee		Investment Committee		Nominations Committee		People & Remuneration Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
P B Scott	8	8	-	-	-	-	1	1	-	-
P V Brasher	8	8	4	4	-	-	-	-	3	3
M J Brooks¹	6	4	2	2	2	1	-	-	-	-
P Bullock	8	8	-	-	3	3	-	-	3	3
E P McClintock	8	7	-	-	3	3	1	1	3	3
E M Proust	8	8	4	4	-	-	1	1	3	3
P J Twyman	8	7	4	4	3	3	1	1	-	-
C Ryan²	8	8	-	-	-	-	-	-	-	-
G Lloyd³	-	-	-	-	-	-	-	-	-	-

¹ Meredith Brooks retired as a director of Perpetual Limited and a member of the Audit Risk & Compliance Committee and Investment Committee on 28 October 2011.

² Chris Ryan resigned as Managing Director and CEO on 5 February 2012.

³ Geoff Lloyd appointed as Managing Director and CEO on 5 February 2012.

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DIRECTORS' REPORT (continued)

Review of operations

A review of operations is included in Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A).

For the half-year ended 31 December 2011, Perpetual reported a net profit after tax attributable to equity holders of Perpetual Limited of \$22.9 million compared to the net profit after tax attributable to equity holders of Perpetual Limited for the half-year ended 31 December 2010 of \$35.0 million.

For the half-year ended 31 December 2011, Perpetual reported an underlying profit after tax attributable to equity holders of Perpetual Limited of \$34.7 million compared to the underlying profit after tax attributable to equity holders of Perpetual Limited for the half-year ended 31 December 2010 of \$41.0 million.

Underlying profit after tax attributable to equity holders of Perpetual Limited excludes certain items, as determined by management, that are either significant by virtue of their size and impact on net profit after tax attributable to equity holders of Perpetual Limited, or are deemed to be outside normal operating activities. Underlying profit after tax attributable to equity holders of Perpetual Limited is disclosed as it is useful for investors to gain a better understanding of Perpetual's financial results from normal operating activities.

The reconciliation of net profit after tax attributable to equity holders of Perpetual Limited to underlying profit after tax attributable to equity holders of Perpetual Limited for the half-year ended 31 December 2011 is as follows:

	6 months ended	
	31 Dec 2011	31 Dec 2010
	\$'000	\$'000
Net profit after tax attributable to equity holders of Perpetual Limited	22,931	34,984
Add : Restructuring costs (after tax) ¹	10,219	-
Add/(less) : Loss/(profit) on disposal and impairment of investments (after tax) ²	2,129	(1,624)
Less : Gain on disposal of business (after tax)	(593)	-
Add : Impairment of intangible assets	-	10,583
Add : Private equity proposal response costs (after tax)	-	3,013
Less : Exact Market Cash Fund gains (after tax) ³	-	(5,969)
Underlying profit after tax attributable to equity holders of Perpetual Limited	34,686	40,987

¹ Restructuring costs (after tax) includes an amount of \$8.7 million related to the closure of the operations in Dublin. Upon cessation of operations in the second half of the 2012 financial year the foreign currency reserve related to these operations will be reclassified as a non-cash expense within profit and loss. As at 31 December 2011 the foreign currency reserve related to the operations in Dublin was \$4.8 million.

² Net of amounts attributable to non-controlling interests within seed funds.

³ The Exact Market Cash Fund gains in the prior comparative period represented the ongoing recovery of the unrealised losses incurred on the portfolio in the 2008 and 2009 financial years. As the majority of the unrealised losses had been recovered as at 30 June 2011, the financial performance of the Exact Market Cash Fund portfolio will now form part of Underlying profit after tax. The Exact Market Cash Fund gains (after tax) for the period ended 31 December 2011 were \$1.3 million.

This table has been prepared in accordance with the AICD/Finsia principles for reporting underlying profit and ASIC's Regulatory Guide 230 *Disclosing non-IFRS financial information*. Underlying profit after tax attributable to equity holders of Perpetual Limited has not been reviewed by our external auditors, however the adjustments to net profit after tax attributable to equity holders of Perpetual Limited have been extracted from the books and records that have been reviewed.

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DIRECTORS' REPORT (continued)

Dividends

On 23 February 2012, the directors resolved to pay a fully franked interim dividend of 50 cents per share (2011: 95 cents per share).

State of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial period.

Events subsequent to reporting date

On 5 February 2012, Chris Ryan stepped down as Chief Executive Officer and resigned as Managing Director and Geoff Lloyd was appointed as Managing Director and Chief Executive Officer.

The directors are not aware of any other event or circumstance since the end of the financial period not otherwise dealt with in this report that has or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years. Events subsequent to reporting date are set out in Note 18 to the condensed consolidated financial statements.

Lead Auditor's Independence Declaration Under Section 307C of the Corporations Act 2001

The Lead Auditor's Independence Declaration is set out on page 9 and forms part of the directors' report for the half-year ended 31 December 2011.

Rounding off

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the condensed consolidated half-year financial statements and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed on behalf and in accordance with a resolution of the directors:



Peter Scott
Chairman



Geoff Lloyd
Managing Director

Dated at Sydney this 23rd day of February 2012.



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Perpetual Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2011 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review

KPMG

KPMG

Andrew Yates
Partner

Sydney

23 February 2012

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PERPETUAL LIMITED AND ITS CONTROLLED ENTITIES
Condensed Consolidated Statement of Comprehensive Income
for the half-year ended 31 December 2011

	Note	31 Dec 2011 \$'000	31 Dec 2010 \$'000
Revenue from the provision of services		193,282	217,737
Income from structured products		24,342	37,640
Investment income		4,392	7,129
Total revenue	3	222,016	262,506
Staff related expenses excluding equity remuneration expense		(104,732)	(108,955)
Occupancy expenses		(10,416)	(10,390)
Administrative and general expenses		(33,971)	(35,566)
Distributions and expenses relating to structured products		(20,505)	(26,888)
Financing costs		(1,299)	(1,631)
Equity remuneration expense		(6,238)	(8,358)
Depreciation and amortisation expense	4	(7,510)	(7,393)
Proceeds from sale of investments		30,429	37,310
Cost of investments disposed of		(30,448)	(34,143)
Impairment of available-for-sale securities		(3,267)	(605)
Impairment of intangible assets		-	(10,583)
Gain on sale of business		593	-
Net profit before tax		34,652	55,304
Income tax expense		(13,760)	(19,382)
Income tax benefit/(expense) on disposal of investments		550	(687)
Income tax expense	7	(13,210)	(20,069)
Net profit after tax		21,442	35,235
Loss/(profit) after tax attributable to non-controlling interests		1,489	(251)
Net profit after tax attributable to equity holders of Perpetual Limited		22,931	34,984

The Condensed Consolidated Statement of Comprehensive Income is to be read in conjunction with the 'Notes to the Financial Statements' set out on pages 15 to 25.

PERPETUAL LIMITED AND ITS CONTROLLED ENTITIES
Condensed Consolidated Statement of Comprehensive Income (continued)
for the half-year ended 31 December 2011

	Note	31 Dec 2011 \$'000	31 Dec 2010 \$'000
Net profit after tax		21,442	35,235
Other comprehensive income, net of tax:			
Available-for-sale reserve			
Net (decrease)/increase in fair value of available-for-sale financial assets		(8,033)	3,445
Impairment of available-for-sale financial assets reclassified to profit and loss		3,267	605
Loss of previously impaired available-for-sale financial assets reclassified to profit and loss upon disposal		(1,039)	(878)
Cash flow hedge reserve			
Effective portion of changes in fair value of cash flow hedges		(115)	226
Foreign currency reserve			
Foreign exchange translation differences		(497)	(1,595)
Other comprehensive (expense)/income, net of tax		(6,417)	1,803
Total comprehensive income		15,025	37,038
Total comprehensive income is attributable to:			
Non-controlling interests		(2,994)	251
Equity holders of Perpetual Limited		18,019	36,787
Total comprehensive income		15,025	37,038
Basic earnings per share attributable to equity holders of Perpetual Limited - cents per share	9	57.3	86.6
Diluted earnings per share attributable to equity holders of Perpetual Limited - cents per share	9	53.8	80.1

The Condensed Consolidated Statement of Comprehensive Income is to be read in conjunction with the 'Notes to the Financial Statements' set out on pages 15 to 25.

PERPETUAL LIMITED AND ITS CONTROLLED ENTITIES
Condensed Consolidated Balance Sheet
as at 31 December 2011

	Note	31 Dec 2011 \$'000	30 Jun 2011 \$'000
Current assets			
Cash and cash equivalents	15	122,635	220,320
Receivables		70,121	72,722
Assets held for sale		-	754
Other financial assets		100	100
Current tax assets		1,698	-
Structured products - EMCF assets	10a	798,202	899,146
Structured products - receivable from investors	10b	9,037	20,806
Prepayments		8,740	6,525
Total current assets		1,010,533	1,220,373
Non-current assets			
Other financial assets		42,771	53,732
Structured products - loans receivable from investors	10b	107,387	130,253
Property, plant and equipment		24,749	26,310
Intangibles		146,708	148,326
Deferred tax assets		29,524	34,413
Prepayments		492	614
Total non-current assets		351,631	393,648
Total assets		1,362,164	1,614,021
Current liabilities			
Payables		34,505	40,342
Liabilities held for sale		-	904
Structured products - EMCF liabilities	10a	800,961	896,348
Structured products - interest-bearing liabilities	10b	8,238	17,386
Structured products - income received in advance		4,683	11,057
Derivative financial instruments		112	613
Current tax liabilities		-	15,468
Employee benefits		30,558	40,792
Provisions	12	1,897	1,585
Total current liabilities		880,954	1,024,495
Non-current liabilities			
Interest-bearing liabilities	11	45,000	45,000
Structured products - interest-bearing liabilities	10b	111,287	134,109
Deferred tax liabilities		8,498	7,533
Employee benefits		3,390	3,201
Provisions	12	23,072	23,582
Total non-current liabilities		191,247	213,425
Total liabilities		1,072,201	1,237,920
Net assets		289,963	376,101
Equity			
Contributed equity	13	222,667	245,066
Reserves		32,489	44,245
Retained earnings		22,903	76,705
Total equity attributable to holders of Perpetual Limited		278,059	366,016
Non-controlling interest		11,904	10,085
Total equity		289,963	376,101

The Condensed Consolidated Balance Sheet is to be read in conjunction with the 'Notes to the Financial Statements' set out on pages 15 to 25.

PERPETUAL LIMITED AND ITS CONTROLLED ENTITIES
Condensed Consolidated Statement of Changes in Equity
as at 31 December 2011

\$000	Gross contributed equity	Treasury share reserve	Total contributed equity	Available for sale reserve	General reserve	Foreign currency reserve	Equity compensation reserve	Cashflow hedge reserve	Total reserves	Retained earnings	Total	Non-controlling interest	Total
Balance at 1 July 2011	411,947	(166,881)	245,066	3,499	103	(4,635)	45,694	(416)	44,245	76,705	366,016	10,085	376,101
Total comprehensive (expense)/income	-	-	-	(4,300)	-	(497)	-	(115)	(4,912)	22,931	18,019	(2,994)	15,025
Issue of ordinary shares	47	-	47	-	-	-	-	-	-	-	47	-	47
Employee Share Purchase Plan loan repayments during the period	-	70	70	-	-	-	-	-	-	-	70	-	70
Treasury shares issued during the period	13,947	(13,947)	-	-	-	-	-	-	-	-	-	-	-
Treasury shares purchased on market	-	(1,050)	(1,050)	-	-	-	-	-	-	-	(1,050)	-	(1,050)
Treasury shares vested during the period	-	9,420	9,420	-	-	-	(9,420)	-	(9,420)	-	-	-	-
Fair value adjustment on recycled and vested TSR shares	(9,784)	9,784	-	-	-	-	-	-	-	-	-	-	-
Off market share buy-back	(30,886)	-	(30,886)	-	-	-	-	-	-	(39,127)	(70,013)	-	(70,013)
Dividends paid to shareholders	-	-	-	-	-	-	-	-	-	(40,229)	(40,229)	-	(40,229)
Dividends paid on treasury shares	-	-	-	-	-	-	(2,623)	-	(2,623)	2,623	-	-	-
Equity remuneration expense	-	-	-	-	-	-	5,199	-	5,199	-	5,199	-	5,199
Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	4,813	4,813
Balance at 31 December 2011	385,271	(162,604)	222,667	(801)	103	(5,132)	38,850	(531)	32,489	22,903	278,059	11,904	289,963

\$000	Gross contributed equity	Treasury share reserve	Total contributed equity	Available for sale reserve	General reserve	Foreign currency reserve	Equity compensation reserve	Cashflow hedge reserve	Total reserves	Retained earnings	Total	Non-controlling interest	Total
Balance at 1 July 2010	379,392	(173,375)	206,017	2,871	103	(3,347)	57,688	(454)	56,861	96,494	359,372	1,652	361,024
Total comprehensive income/(expense)	-	-	-	3,172	-	(1,595)	-	226	1,803	34,984	36,787	251	37,038
Issue of ordinary shares	60	-	60	-	-	-	-	-	-	-	60	-	60
Employee Share Purchase Plan loan repayments during the period	-	69	69	-	-	-	-	-	-	-	69	-	69
Treasury shares issued during the period	14,387	(14,387)	-	-	-	-	-	-	-	-	-	-	-
Treasury shares vested during the period	-	10,752	10,752	-	-	-	(10,752)	-	(10,752)	-	-	-	-
Fair value adjustment on recycled and vested TSR shares	(5,479)	5,479	-	-	-	-	-	-	-	-	-	-	-
Dividends on treasury shares used to purchase equity	-	(42)	(42)	-	-	-	42	-	42	-	-	-	-
Dividends paid to shareholders	-	-	-	-	-	-	-	-	-	(38,179)	(38,179)	-	(38,179)
Dividends reinvestment plan allotment	7,423	-	7,423	-	-	-	-	-	-	(7,423)	-	-	-
Dividends paid on treasury shares	-	-	-	-	-	-	(2,779)	-	(2,779)	2,779	-	-	-
Equity remuneration expense	-	-	-	-	-	-	8,358	-	8,358	-	8,358	-	8,358
Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	3,400	3,400
Balance at 31 December 2010	395,783	(171,504)	224,279	6,043	103	(4,942)	52,557	(228)	53,533	88,655	366,467	5,303	371,770

The Condensed Consolidated Statement of Changes in Equity is to be read in conjunction with the 'Notes to the Financial Statements', set out on pages 15 to 25.

PERPETUAL LIMITED AND ITS CONTROLLED ENTITIES
Condensed Consolidated Cash Flow Statement
for the half-year ended 31 December 2011

	Note	31 Dec 2011 \$'000	31 Dec 2010 \$'000
Cash flows from operating activities			
Cash receipts in the course of operations		214,916	241,120
Cash payments in the course of operations		(188,190)	(198,386)
Dividends received		500	456
Interest received		4,889	6,192
Interest paid		(1,299)	(1,631)
Income taxes paid		(21,290)	(22,685)
Net cash from operating activities		9,526	25,066
Cash flows from investing activities			
Payments for property, plant and equipment		(4,331)	(7,457)
Payments for investments		(22,151)	(33,349)
Repayments of advances made under the Employee Share Purchase Plan		70	69
Acquisition of business		(1,110)	(2,173)
Proceeds from the sale of investments		26,177	37,310
Repayment of Palisade loan		-	7,165
Tax benefit/(paid) on sale of investments		550	(687)
Net cash (used in)/from investing activities		(795)	878
Cash flows from financing activities			
Proceeds from issue of shares		-	7,423
Payments for off market share buy-back		(70,013)	-
Payments for on market share purchase		(986)	-
Dividends paid		(40,229)	(45,602)
Sale of units in seed funds to non-controlling interests		4,812	-
Net cash used in financing activities		(106,416)	(38,179)
Net decrease in cash and cash equivalents		(97,685)	(12,235)
Cash and cash equivalents at 1 July		220,320	187,539
Cash and cash equivalents at 31 December	15	122,635	175,304

The Condensed Consolidated Cash Flow Statement is to be read in conjunction with 'Notes to the Financial Statements' set out on pages 15 to 25.

PERPETUAL LIMITED AND ITS CONTROLLED ENTITIES
Notes to and forming part of the condensed financial statements
for the half-year ended 31 December 2011

Note 1. Reporting entity

Perpetual Limited ("the Company") is a company domiciled in Australia. The condensed consolidated half-year financial statements of the Company as at and for the half-year ended 31 December 2011 comprise the Company and its controlled entities (together referred to as the "consolidated entity") and the consolidated entity's interests in associates.

The consolidated annual financial statements for the consolidated entity as at and for the year ended 30 June 2011 are available at www.perpetual.com.au.

a. Statement of compliance

The condensed consolidated half-year financial statements are a general purpose financial report which has been prepared in accordance with AASB 134: *Interim Financial Reporting*, IAS 34 *Interim Financial Reporting and the Corporations Act 2001*.

The condensed consolidated half-year financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated annual financial statements of the consolidated entity for the year ended 30 June 2011.

The condensed consolidated half-year financial statements were authorised for issue by the Board of Directors on 23 February 2012.

b. Estimates

The preparation of the half-year financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2011.

Note 2. Significant accounting policies

The accounting policies applied by the consolidated entity in these half-year financial statements are the same as those applied by the consolidated entity in its annual financial statements as at and for the year ended 30 June 2011.

PERPETUAL LIMITED AND ITS CONTROLLED ENTITIES
Notes to and forming part of the condensed financial statements
for the half-year ended 31 December 2011

	31 Dec 2011	31 Dec 2010
	\$'000	\$'000
Note 3. Revenue		
Revenue from the provision of services		
Gross revenue from fees	193,282	217,737
Other income		
Income from structured products	24,342	37,640
Investment income		
Dividends	440	438
Interest	4,701	6,223
Unit trust distributions (paid)/received	(749)	468
Total investment income	4,392	7,129
	222,016	262,506
Note 4. Net profit before tax		
Net profit before tax has been arrived at after charging the following items:		
Depreciation of property, plant and equipment	2,653	2,203
Amortisation of intangible assets:		
- Capitalised software	3,560	3,171
- Other intangible assets	1,297	2,019
	4,857	5,190
Total depreciation and amortisation expense	7,510	7,393
Rental charges – operating leases	7,659	8,036
Note 5. Individually significant and other items included in net profit for the period		
(Loss)/profit on sale of part of investment portfolio	(19)	3,167
Impairment of available-for-sale-securities	(3,267)	(605)
Total (loss)/profit on disposal/impairment of investments	(3,286)	2,562
Income tax benefit/(expense) applicable	550	(687)
Total (loss)/profit on disposal/impairment of investments after tax	(2,736)	1,875
Restructuring costs	(11,115)	-
Income tax benefit applicable	896	-
	(10,219)	-
Gain on sale of business	593	-
Income tax expense applicable	-	-
	593	-
Impairment of intangible assets	-	(10,583)
Income tax benefit applicable	-	-
	-	(10,583)
Private equity proposal response costs	-	(4,304)
Income tax benefit applicable	-	1,291
	-	(3,013)
Exact Market Cash Fund gains	-	8,527
Income tax expense applicable	-	(2,558)
	-	5,969

As the Exact Market Cash Fund portfolio continues to run off and the majority of its unrealised losses were recognised as at 30 June 2011, its financial performance will not be disclosed as a significant item. If the Exact Market Cash Fund was included as a significant item at 31 December 2011 the impact would have been \$1.9 million.

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PERPETUAL LIMITED AND ITS CONTROLLED ENTITIES
Notes to and forming part of the condensed financial statements
for the half-year ended 31 December 2011

Note 6. Segment information

	Perpetual Investments ¹ \$'000	Private Wealth \$'000	Corporate Trust \$'000	Total \$'000
31 December 2011				
External revenues	118,713	57,377	42,405	218,495
Inter-segment revenue/(expense)	639	(639)	-	-
Interest revenue	246	26	268	540
Total revenue for reportable segment	<u>119,598</u>	<u>56,764</u>	<u>42,673</u>	<u>219,035</u>
Depreciation and amortisation	(2,037)	(3,125)	(1,814)	(6,976)
Reportable segment net profit before tax	37,652	4,866	9,279	51,797
Reportable segment assets	962,737	127,047	44,977	1,134,761
31 December 2010²				
External revenues	145,927	58,752	51,806	256,485
Inter-segment revenue/(expense)	1,900	(1,900)	-	-
Interest revenue	394	24	449	867
Total revenue for reportable segment	<u>148,221</u>	<u>56,876</u>	<u>52,255</u>	<u>257,352</u>
Depreciation and amortisation	(2,746)	(2,972)	(1,306)	(7,024)
Reportable segment net profit before tax	46,536	7,747	15,311	69,594
Reportable segment assets	1,249,079	131,214	56,046	1,436,339

¹ Segment information for Perpetual Investments includes the Exact Market Cash Fund.

² Prior period comparatives have been amended to reflect the reportable segments as at 31 December 2011.

	31 Dec 2011 \$'000	31 Dec 2010 \$'000
Reconciliations of reportable segment revenues, net profit before tax, and total assets		
Revenues		
Total revenue for reportable segments	219,035	257,352
Group and Support Services revenue	2,981	5,154
Total group revenue	<u>222,016</u>	<u>262,506</u>
Net profit before tax		
Total net profit before tax for reportable segments	51,797	69,594
Financing costs	(1,299)	(1,631)
(Loss)/profit on disposal of investments	(19)	3,167
Impairment of available-for-sale securities	(3,267)	(605)
Impairment of intangible assets	-	(10,583)
Gain on sale of business	593	-
Restructuring costs	(11,115)	-
Group and Support Services expenses	(2,038)	(4,638)
Net profit before tax	<u>34,652</u>	<u>55,304</u>

PERPETUAL LIMITED AND ITS CONTROLLED ENTITIES
Notes to and forming part of the condensed financial statements
for the half-year ended 31 December 2011

	31 Dec 2011	31 Dec 2010
	\$'000	\$'000

Note 6. Segment information (continued)

Reconciliations of reportable segment revenues, net profit before tax, and total assets (continued)

Total assets

Total assets for reportable segments	1,134,761	1,436,339
Group and Support Services assets	227,403	279,710
Total assets	1,362,164	1,716,049

The consolidated entity has identified three reportable segments based on the internal reports that are reviewed and used by the consolidated entity's CEO in assessing performance and in determining the allocation of resources. For each of the reportable segments, the consolidated entity's CEO reviews internal management reports on a monthly basis. The following summary describes the operations in each of the reportable segments:

a. Services provided

The consolidated entity operates in the financial services industry in Australia and provides wealth management and corporate trust services. The major services from which the reportable segments derive revenue are:

Perpetual Investments	Manufacturer of financial products, management and investment of monies on behalf of private, corporate, superannuation and institutional clients.
Private Wealth	Private Wealth provides a wide range of investment and non-investment products and services. These include a comprehensive advisory service, portfolio management, philanthropic, executorial and trustee services to high net worth and emerging high net worth Australians. Private Wealth also provides many of these services to charities, not for profit and other philanthropic organisations.
Corporate Trust	The Corporate Trust division provides fiduciary services incorporating safe-keeping and recording of assets and transactions as custodian, trustee, registrar or agent for corporate and financial services clients and mortgage processing services.

b. Geographical segments

The consolidated entity operates predominantly in Australia. More than 90 per cent of revenue and non-current assets relate to operations in Australia.

c. Major customers

The consolidated entity does not rely on any major customer.

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PERPETUAL LIMITED AND ITS CONTROLLED ENTITIES
Notes to and forming part of the condensed financial statements
for the half-year ended 31 December 2011

	31 Dec 2011	31 Dec 2010
	\$'000	\$'000

Note 7. Income tax expense

a. Income tax expense

Current tax expense	4,000	15,627
Deferred tax expense	9,210	6,310
Over provided in prior year	-	(1,868)
Total	13,210	20,069

The consolidated entity's effective tax rate in respect of continuing operations for the half-year ended 31 December 2011 was 38 per cent (31 December 2010: 36 per cent). The effective tax rate differs from the Australian company tax rate of 30 per cent due to:

- losses incurred by a subsidiary operating in a foreign jurisdiction with lower tax rate. An income tax benefit has not been recognised for those losses in the financial statements; and
- expenses incurred by the Australian tax consolidated group which are not deductible for tax.

Deferred income tax included in income tax expense

Decrease in deferred tax assets	(7,087)	(7,195)
(Increase)/decrease in deferred tax liabilities	(2,123)	885
Total	(9,210)	(6,310)

The above movements in deferred tax assets and deferred tax liabilities are net of movements recognised directly in equity.

At 31 December 2011, the consolidated entity had carried forward realised net capital losses of \$7,644,000 (31 December 2010: \$6,411,000) which had a tax benefit of \$2,293,000 (31 December 2010: \$1,923,000); the tax benefit of these capital losses have been recognised in deferred tax assets.

The consolidated entity had unrealised net capital losses recognised in income of \$1,513,000 (31 December 2010: \$3,386,000) which had a tax benefit of \$454,000 (31 December 2010: \$1,016,000); the tax benefit of these capital losses have been recognised in deferred tax assets.

The realisation of the deferred tax assets relating to the realised capital losses is dependent on future capital gains being in excess of the losses shown above.

At 31 December 2011, the consolidated entity has carried forward foreign tax losses of EUR\$46,477,000 (31 December 2010: EUR\$38,686,000). This loss converted to \$59,229,000 (31 December 2010: \$50,590,000) which had a tax benefit of \$7,404,000 (31 December 2010: \$6,324,000) at 12.5% that was not recognised in the balance sheet. As the operations in Dublin will cease during the second half of the financial year this tax benefit will never be realised.

b. Income tax recognised in other comprehensive income

Cash flow hedge	(49)	(107)
Available-for-sale financial assets	(3,307)	1,735
	(3,356)	1,628

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PERPETUAL LIMITED AND ITS CONTROLLED ENTITIES
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for the half-year ended 31 December 2011

Note 8. Dividends

Dividends paid or provided for in the current and comparative periods are as follows:

	Cents per share	Total Amount \$'000	Franked ¹ / Unfranked	Date of Payment
31 December 2011				
Final 2011 - Ordinary dividend	90	40,229	Franked	27 September 2011
Total amount		<u>40,229</u>		
31 December 2010				
Final 2010 - Ordinary dividend	105	45,602	Franked	28 September 2010
Total amount		<u>45,602</u>		

¹All franked dividends declared or paid during the period were franked at a tax rate of 30 per cent and paid out of reserves.

The directors resolved on 23 February 2012 to pay an interim ordinary dividend of 50 cents per share franked at 30% (2011: 95 cents per share franked at 30%). The financial effect of this dividend has not been brought to account in the financial statements for the half-year ended 31 December 2011 and will be recognised in subsequent financial periods. The dividend is payable on 29 March 2012 with a record date of 8 March 2012.

	31 Dec 2011 \$'000	31 Dec 2010 \$'000
Dividend franking account		
30% (2010: 30%) franking credits available after the payment of income tax provided for in the financial statements	30,360	56,463

The above available amounts are based on the balance of the dividend franking account at 31 December 2011 adjusted for franking credits that will arise from the payment of the current tax liabilities.

Note 9. Earnings per share

	Cents per share	
Basic earnings per share	57.3	86.6
Diluted earnings per share	53.8	80.1

The following reflects the income and share information used in calculating the basic and diluted earnings per share:

	\$'000	\$'000
Net profit after tax attributable to equity holders of Perpetual Limited	22,931	34,984

	Number of shares	
Weighted average number of ordinary shares used in the calculation of basic earnings per share	40,032,517	40,374,981
Effect of dilutive securities:		
Share options	-	22,296
Weighted average number of dilutive potential ordinary shares under performance rights	2,586,464	3,266,683
Weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted earnings per share	42,618,981	43,663,960

PERPETUAL LIMITED AND ITS CONTROLLED ENTITIES
Notes to and forming part of the condensed financial statements
for the half-year ended 31 December 2011

	31 Dec 2011	30 Jun 2011
	\$'000	\$'000

Note 10. Structured products assets and liabilities

a. Exact Market Cash Funds

Current assets

Exact Market Cash Fund 1	283,426	382,901
Exact Market Cash Fund 2	514,776	516,245
	798,202	899,146

Current liabilities

Exact Market Cash Fund 1	287,254	383,598
Exact Market Cash Fund 2	513,707	512,750
	800,961	896,348

The Exact Market Cash Funds' current asset balances reflect the fair value of the net assets held by the funds. The current liabilities balances represent the consolidated entity's obligation to the funds' investors under the swap agreement and reflect the net assets of the funds for unit pricing purposes.

The Exact Market Cash Fund 1 (EMCF 1) was established during the financial year ended 30 June 2005 with the purpose of providing an exact return that matched the UBS Bank Bill rate (the benchmark index), or a variant thereon, to investors. The fund's ability to pay the benchmark return to the investors is guaranteed by the consolidated entity. The National Australia Bank has provided the EMCF 1 product with a guarantee to the value of \$20 million (2011: \$20 million) to be called upon in the event that the consolidated entity is unable to meet its obligations. Due to the guaranteed benchmark return to investors, the consolidated entity is exposed to the risk that the return of the EMCF 1 differs from that of the benchmark. The return of the EMCF 1 is affected by risks to the underlying investments in the EMCF 1 portfolio, which are market, liquidity and credit risks.

The Exact Market Cash Fund 2 (EMCF 2) was established in July 2008 and aims to provide an exact return that matches the benchmark index to investors in the fund. It has a similar structure to EMCF 1, but in addition, there are specific rules that govern the withdrawal of funds. The investments held by EMCF 2 are recorded at fair value within the fund, and in the consolidated entity's financial statements. National Australia Bank has provided the fund with a guarantee to the value of \$6 million (2011: \$6 million) to be called upon in the event that Perpetual does not meet its obligations.

b. Perpetual Protected Investments

Structured products - loan receivable at reporting date consists of the following:

Current assets

Structured products - receivable from investors	9,037	20,806
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Non-current assets

Structured products - loans receivable	110,408	133,314
Less: loan establishment fees	(173)	(230)
	110,235	133,084

Less: provision for credit losses	(2,848)	(2,831)
	107,387	130,253

PERPETUAL LIMITED AND ITS CONTROLLED ENTITIES
Notes to and forming part of the condensed financial statements
for the half-year ended 31 December 2011

	31 Dec 2011	30 Jun 2011
	\$'000	\$'000

Note 10. Structured products assets and liabilities (continued)

b. Perpetual Protected Investments (continued)

Movements in the provision for credit losses are as follows:

Balance as at beginning of period	2,831	2,635
Provision for credit losses recognised during the period	17	385
Provision utilised during the year	-	(189)
Balance as at end of period	2,848	2,831

Structured products - interest-bearing liabilities at reporting date consists of the following:

Current liabilities

Structured products - interest-bearing liabilities	8,238	17,386
--	-------	--------

Non-current liabilities

Structured products - interest-bearing liabilities	111,287	134,109
--	---------	---------

Note 11. Interest-bearing liabilities

Facilities utilised

Floating rate bank facility	45,000	45,000
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Facilities not utilised

Floating rate bank facility	25,000	25,000
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The consolidated entity has a floating rate bank facility of \$70 million (30 June 2011: \$70 million). The utilised component of the floating rate bank facility of \$45 million (30 June 2011: \$45 million) is unsecured and has a floating interest rate of 5.26 per cent at 31 December 2011 (30 June 2011 : 5.45 per cent). Repayment of the existing facility is due at 31 January 2013. The \$25 million (30 June 2011: \$25 million) unutilised bank facility may be drawn at any time at the discretion of the consolidated entity.

Perpetual is in compliance with the facility's debt covenants at 31 December 2011. Should the Company not satisfy any of these covenants, the outstanding balance of the loan may become due and payable.

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PERPETUAL LIMITED AND ITS CONTROLLED ENTITIES
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for the half-year ended 31 December 2011

	31 Dec 2011	30 Jun 2011
	\$'000	\$'000

Note 12. Provisions

Current

Internal insurance and legal provision	353	477
Operational process review provision	104	249
Lease expense provision	1,440	859
	1,897	1,585

Non-current

Internal insurance and legal provision	800	800
Lease expense provision	22,272	22,782
	23,072	23,582

Note 13. Contributed equity

Share capital

41,980,678 (30 June 2011: 44,671,129) ordinary shares, fully paid	222,667	245,066
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	Number of Shares	\$'000	Number of Shares	\$'000
Movement in share capital				
Balance at beginning of the period	41,021,469	245,066	40,094,528	206,017
Shares issued:				
- Dividend reinvestment	-	-	483,569	14,044
- Executive share plans (vested during period)	198,318	9,420	441,443	24,777
- Employee equity allocation purchased on market	(49,880)	(1,050)	(1,162)	(42)
- Employee share plans (vested during period)	-	70	-	177
- Issued on market	2,219	47	3,091	93
- Off market share buy-back	(3,349,884)	(30,886)	-	-
Balance at end of the period	37,822,242	222,667	41,021,469	245,066
Ordinary shares fully paid (excluding unvested shares from share plans)	37,822,242	222,667	41,021,469	245,066
Unvested shares from share plans	4,158,436	162,604	3,649,660	166,881
Ordinary shares fully paid	41,980,678	385,271	44,671,129	411,947

On 17 October 2011 the Company completed an off-market share buy-back. The buy-back price was \$20.90 per share, which represents a discount to the market price of 10% being the maximum discount in the tender discount range. The capital component was \$9.22 per share.

During the half-year, the Company issued nil (30 June 2011: nil) ordinary shares in relation to vested options in accordance with Perpetual Limited's Long Term Incentive Plan at a weighted average share price of nil (30 June 2011: nil) per share.

The Company does not have authorised capital or par value in respect of its issued shares.

Shares issued under the executive and employee share plans were issued at market value.

Terms and conditions

Holders of ordinary shares are entitled to receive dividends as declared from time to time and entitled to one vote per share at shareholders' meetings.

In the event of winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any surplus capital.

PERPETUAL LIMITED AND ITS CONTROLLED ENTITIES
Notes to and forming part of the condensed financial statements
for the half-year ended 31 December 2011

	31 Dec 2011	30 Jun 2011
	\$'000	\$'000

Note 14. Goodwill

Reconciliation of carrying amount

Balance at beginning of period	102,956	113,539
Impairment loss	-	(10,583)
Balance at end of period	102,956	102,956

The Clean Energy Act will introduce a carbon pricing mechanism into the Australian economy from 1 July 2012. The introduction of the carbon pricing mechanism is not expected to have a material impact on the future cash flow generated from the cash-generating units for the purpose of fair value calculations in asset impairment models.

In the prior year following a review of the smartsuper business in the six months ended 31 December 2010, the group assessed the recoverable amount of the cash-generating unit that comprised that business. As a result of this assessment, an impairment loss of \$10,583,000 was recognised. The impairment loss was allocated to goodwill, reducing the goodwill included in the smartsuper business to nil and was included in impairment of intangible assets in the condensed consolidated statement of comprehensive income.

Note 15. Cash and cash equivalents

For the purposes of the Condensed Consolidated Cash Flow Statement, cash and cash equivalents includes bank balances, deposits at call and short-term deposits.

Bank balances	42,253	79,478
Deposits at call	61,182	86,601
Short-term deposits	19,200	54,241
	122,635	220,320

Deposits at call are invested in a cash management trust operated by the consolidated entity. Short-term deposits represent investments in the Perpetual Credit Income Fund and Perpetual High Grade Treasury Fund.

Note 16. Business combinations

Contingent consideration

The balance of contingent consideration relating to business combinations acquired in previous periods has decreased by \$1.7 million in the half-year ended 31 December 2011 (31 December 2010: \$1.8 million). Total cash consideration of \$1.1 million was paid during the period as certain pre-determined targets were achieved. Additionally, a credit of \$0.7 million was reclassified to administrative and general expenses in the Statement of comprehensive income as certain pre-determined targets were not achieved. The unwinding of the discount, relating to business combinations in previous periods, was \$0.1 million for the half-year ended 31 December 2011 (31 December 2010: \$0.4 million).

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PERPETUAL LIMITED AND ITS CONTROLLED ENTITIES
Notes to and forming part of the condensed financial statements
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	31 Dec 2011	30 Jun 2011
	\$'000	\$'000

Note 17. Assets and liabilities held for sale

The operations of smartsuper Pty Ltd within the Perpetual Investments operating segment were presented as a disposal group held for sale at 30 June 2011. The sale of smartsuper Pty Ltd was completed on 12 August 2011.

Assets classified as held for sale

Receivables	-	716
Prepayments	-	38
	-	754

Liabilities classified as held for sale

Payables	-	760
Employee benefits	-	144
	-	904

Note 18. Events subsequent to balance date

On 5 February 2012, Chris Ryan stepped down as Chief Executive Officer and resigned as Managing Director and Geoff Lloyd was appointed as Managing Director and Chief Executive Officer.

The directors are not aware of any other event or circumstance since the end of the financial period not otherwise dealt with in this report that has or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years.

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PERPETUAL LIMITED AND ITS CONTROLLED ENTITIES
Directors' Declaration

In the opinion of the directors of Perpetual Limited ("the Company"):

1. the financial statements and notes set out on pages 10 to 25 are in accordance with the Corporations Act 2001, including:
 - (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that Perpetual Limited will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



Peter Scott
Director



Geoff Lloyd
Director

Dated at Sydney this 23rd day of February 2012.

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Independent auditor's review report to the members of Perpetual Limited

Report on the financial report

We have reviewed the accompanying half-year financial report of Perpetual Limited ("the consolidated entity"), which comprises the condensed consolidated balance sheet as at 31 December 2011, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity, and condensed consolidated statement of cash flows for the half-year ended on that date, notes 1 to 18 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year period.

Directors' responsibility for the half-year financial report

The directors of the consolidated entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Perpetual Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Perpetual Limited is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

Andrew Yates
Partner

Sydney

23 February 2012

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